

DRAFT OPENING STATEMENT

HEALTH CARE TAX CREDIT HEARING

- First, I don't think this hearing could have been better timed. Later today, the House will have *another* vote on the proposed SCHIP expansion that has been so vigorously debated these past few months.
- To be clear, those of us who will vote to sustain the President's veto *won't* be doing so because we don't like kids. It won't be simply because the bill is too expensive. And it won't be because we're somehow trying to punish people who are already in the program.
- We'll vote this way because we have a fundamentally different vision of how best to reform health care – for the *entire* country. *Our* vision for reform is based on personal ownership, and individual control of health coverage *for everyone*. We also believe the reforms we make today need to be sustainable for the *next* generation.
- Unfortunately, the SCHIP bill we're voting on again today will take us in exactly the opposite direction.
 - It is an incremental step toward greater dependency on government. And it will further expand federal healthcare entitlement spending that every Member of this Congress knows *today* is unsustainable.
 - **CHART 1:** As you can see from this chart, the SCHIP bill spends \$35 billion over 5 years to remove 3.8 million people from the uninsured population, leaving 43 million still uninsured. In order to cover the rest of the uninsured population under that plan, the federal government would have to spend an additional \$400 billion over that same 5 year period. This adds at least \$8 trillion to the unfunded liability of the federal entitlement programs over the next 75 years.
 - In short, the SCHIP bill, as currently designed, is going to lure – and trap – a whole lot of people into a promise that the federal government – according to nearly every budget expert out there – simply cannot keep in the long run.
- We believe there's a better way. There is an alternative path that can fulfill the mission of health security – *without* smothering the economy and expanding unsustainable levels of dependency.
- Here are the fundamental components of the approach we envision:
- **First, reform will have to be comprehensive.** To get anywhere on this issue, we've got to start looking at the whole picture – health care, Medicare, and the tax code. If reform applies to only one or two of these factors, any near-term benefits will quickly be overwhelmed by the other problems that haven't been addressed.
- **Second, it must provide security.** Obviously, we want to ensure that everyone has access to coverage – and that includes low-income families, middle-income families, children, and people with medical conditions who get branded as “uninsurable.”
- **Third, it must enhance our economic competitiveness.** Health care reform has to ease – not add to – the unsustainable upward pressure on medical costs. And it must do so

without rationing services.

- **Fourth – and this is the point of today’s hearing – is the critical role of ownership.** The principle of individual ownership has long been a central component of America’s prosperity – and it should apply to health care as it does in other areas. After all, we wouldn’t let someone else choose our cars, or our refrigerators, or what we’re going to have for dinner tonight – and yet with something as vital and personal as health coverage, that’s exactly what many Americans do: they effectively let employers or the government decide what kind of health coverage they should have.
- The problem is that our tax code creates an immense bias in favor of third-party ownership of health coverage.
- CBO estimates that this bias – the personal income tax exclusion for employer-provided health insurance – costs the federal government around \$3.5 *trillion* over 10 years. I don’t think there is *any* argument to be made that this is a wise – or remotely equitable – way to distribute this money.
- Letting individual Americans own their own health coverage would put them back in control of their health care. It would lead to vastly more choices in the kinds of coverage available. It would relieve the insecurity that comes from having your health insurance tied to the place you work. Also, if done properly, it could mean that no matter what your income level, you would not have to rely on the government dole – and all the stigmas that brings – to get health coverage.
- We’re not here to endorse any particular health tax benefit. We are here to discuss how best to adjust the tax code so that all individuals can have access to health insurance that they would own and control themselves.
- Again, what we need is a new vision of health care reform – one that can truly be sustained for the long term. I hope that today’s hearing will contribute to that debate.

